

IN THE CIRCUIT COURT OF DAVIDSON COUNTY, TENNESSEE
FOR THE TWENTIETH JUDICIAL DISTRICT AT NASHVILLE

FILED

2000 OCT -7 AM 9:33

RICHARD R. ROOKER, CLERK

STATE OF TENNESSEE, *ex rel.*
ROBERT E. COOPER, JR., ATTORNEY
GENERAL and REPORTER,

Petitioner,

v.

HCI Direct, Inc., a Delaware corporation,
doing business as Silkies,

Respondent.

No. _____

PETITION

The State of Tennessee, by and through Robert E. Cooper, Jr., the Attorney General, (hereinafter "Attorney General"), at the request of Mary Clement, Director of the Division of Consumer Affairs of the Department of Commerce and Insurance, files this Petition pursuant to Tenn. Code Ann. § 47-18-107 of the Tennessee Consumer Protection Act of 1977 (hereinafter "the Act"), and respectfully shows the Court as follows:

1. The Attorney General, acting pursuant to the Act, has investigated certain acts and practices of HCI Direct, Inc., a Delaware corporation, doing business as Silkies (hereinafter "Respondent" or "HCI"). Upon completion of such investigation, the Attorney General has determined that certain of Respondent's acts and practices, more specifically described in Paragraph 2 of this Petition, constitute unfair and deceptive acts or practices affecting the conduct of trade or commerce in the State of Tennessee in violation of the Act.

2. As a result of the investigation, the Division and the Attorney General allege that certain acts and practices of Respondent were in violation of the Tennessee Consumer Protection Act of 1977, Tenn Code Ann. § 47-18-101, *et seq.* as follows:

a. Respondent is a Delaware corporation with its place of business located at 3050 Tillman Drive, Bensalem, Pennsylvania.

b. Respondent directly markets women's hosiery and other merchandise to consumers nationally and within each of the States through, among other things, direct mail solicitation pieces that offer a free sample pair of the merchandise, such as hosiery.

c. After consumers respond to this solicitation, consumers become enrolled in a continuity sales plan by which consumers are shipped additional merchandise for their purchase, absent cancellation by the consumer. Specifically, without notice of cancellation, payment by the consumer for a shipment of merchandise automatically triggers another shipment from the Respondent.

d. Attached as Exhibit A is an example of a solicitation sent to Tennessee consumers.

e. The State contends that Respondent's solicitation and subsequent mailings, advertisements and promotional materials fail to clearly and conspicuously disclose all material terms and conditions of the Respondent's continuity sales plan.

3. The Division requested the Attorney General to negotiate, and if possible to accept, an Assurance of Voluntary Compliance in accordance with the provisions set forth in Tenn. Code Ann. § 47-18-107.

4. The parties have agreed to, and the Division has approved, the Assurance of Voluntary Compliance filed contemporaneously herewith.

5. In accordance with the provisions of Tenn. Code Ann. § 47-18-107(c), the execution, delivery and filing of the Assurance does not constitute an admission of prior violation of the Act.

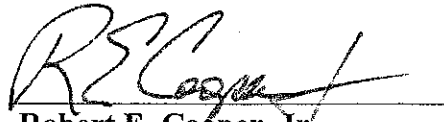
6. The Division, the Attorney General, and the Respondents have jointly agreed to the Assurance of Voluntary Compliance and join in its filing.

PREMISES CONSIDERED, Petitioner prays:

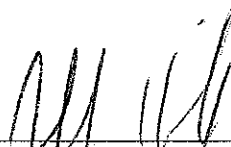
1. That this Petition be filed without cost bond pursuant to the provisions of Tenn. Code Ann. §§ 20-13-101 and 47-18-116.

2. That the Assurance of Voluntary Compliance be approved and filed in accordance with the provisions of the Tennessee Consumer Protection Act.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. E. Cooper, Jr.", written over a horizontal line.

Robert E. Cooper, Jr.
Attorney General & Reporter
B.P.R. 10934

A handwritten signature in black ink, appearing to read "Jeffrey L. Hill", written over a horizontal line.

Jeffrey L. Hill
Senior Counsel
B.P.R. No. 16731
Office of the Attorney General
Consumer Advocate & Protection Division
Post Office Box 20207
Nashville, Tennessee 37202-0207
(615) 741-2614

113817

EXHIBIT A

announcing *Silkees*
because *every woman*
deserves
comfortable pantyhose.



Dear Friend,

It's pretty amazing when you think about it. Society could send someone to the moon before it could create a more *comfortable* – not to mention *durable* – pair of pantyhose!

If you're like me and many other women, you wondered this as you ducked into a corner to give your sagging hose a firm tug – only to have your nails poke through them.

Well, I decided to do something about it.

The result of my efforts is *Silkees*, the pantyhose women the world over now swear by. And the same pantyhose thousands of women have found to fit great and feel comfortable.

To give every woman the chance to experience the SILKIES comfortable fit *without spending a cent*, I'm offering you a **free sample** of our Control Top pantyhose featuring light support legs, just for trying our "No-Obligation-To-Buy"™ hosiery program (see details on the instant coupon).

Please be my guest and select your **free sample** now. Simply go to the pre-addressed instant coupon, choose your

(over please)

size and shade tabs, and affix them to the designated areas.
Then return the coupon in the enclosed postage-paid
envelope *today*.

When your free sample pair arrives, slip it on
immediately... and experience real Silkies comfort for
yourself.

Yours Always,

Eve

Eve Stonebury

*P.S. Hurry! Take advantage of this special
FREE Sample offer per our "No-Obligation-To-
Buy"TM hosiery program.*

NOW it's a
pleasure
to wear
pantyhose!

instant coupon

Return this
coupon for

free sample

years for trying our "No Obligation To Buy" hosiery program. See details at right.

the *Silhou* guarantee

We guarantee that the Silhou pantyhose you receive will be the most comfortable, most beautiful, most flattering pantyhose you have ever worn. We guarantee that we will never sell you any other pantyhose. And we guarantee that you will never find a pair of pantyhose that we will not sell you. And we guarantee that you will never find a pair of pantyhose that we will not sell you. And we guarantee that you will never find a pair of pantyhose that we will not sell you.

The "No Obligation To Buy" Hosiery Program

To get your first pair of pantyhose for free, simply fill out the coupon and return it to us. We will send you a pair of Silhou pantyhose for free. No obligation to buy. No obligation to return. No obligation to pay. No obligation to anything. We will send you a pair of Silhou pantyhose for free. No obligation to buy. No obligation to return. No obligation to pay. No obligation to anything.

CB-903



Control Top with light support legs!

Look your slimmest in our innovative control top hosiery that combines sheer, light support legs with a truly comfortable firming panty. Spandex ensures a flawless no-bag fit.

SIZE	S small 4'10" to 5'2" up to 120 lbs.	T x-tall 5'9" to 6' up to 170 lbs.
	M medium 5'3" to 5'6" up to 140 lbs.	Q queen up to 240 lbs. hip sizes to 54"
	L large 5'6" to 5'10" up to 160 lbs.	X x-queen up to 280 lbs. hip sizes to 64"

SHADE	N nude	B beige
	T taupe	O off-black
	J jet black	

Hosiery made in the U.S.A. of imported nylon and spandex.

Here's my size & shade:

Peel off one size tab and place in the box at right to get the size you want.

Peel off one shade tab and place in the box at right to get the shade you want.

TAB NOT APPLIED FOR SHADE WILL BE COMPUTER SELECTED.

All orders subject to approval.

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PRESORTED
STANDARD
U.S. Postage
PAID
HCE Direct, Inc.

USPS AFSM 100
Approved Post

THERE IS a comfortable choice in pantyhose!

try
one free
sample
offer

they're the pantyhose women
everywhere are talking about...